



# ECONOMIC INDICATORS<sup>®</sup>

FAIRFAX COUNTY  
DEPARTMENT OF MANAGEMENT AND BUDGET

DECEMBER 2003

## IN THIS ISSUE:

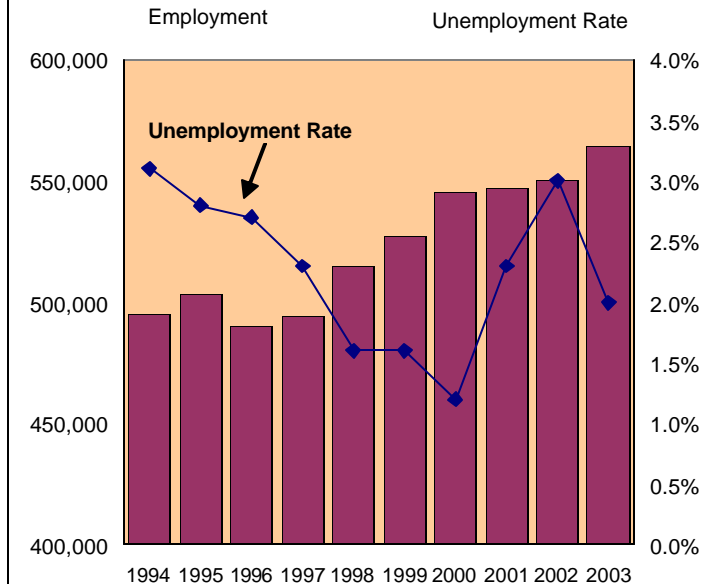
- ❑ The unemployment rate in Fairfax County for October 2003 declined to 2.1 percent from 2.4 percent in September. (See page 1)
- ❑ Sales Tax receipts for Fairfax County, representing retail purchases made from June through October 2003, have increased 9.9 percent over the same period of 2002. (See page 2)
- ❑ Multifamily building permits are down 71.6 percent while single family permits are down 3.6 percent, calendar year-to-date. (See page 3)
- ❑ Sales volume increased for all existing (previously owned) home types, with existing single family homes experiencing growth of 11.3 percent, calendar year-to-date. Sales volume has declined for all new home types through the first ten months of 2004. (See page 4)
- ❑ In October, both the Fairfax County and Metropolitan Washington Coincident Indices increased compared to September 2003. The level of each index is below that of one year ago. (See page 7)
- ❑ Both the Fairfax County and Metropolitan Washington Leading Indices gained in October 2003. The level of each index is above that of one year ago. (See page 8)



The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.fairfaxcounty.gov/comm/economic/economic.htm>

## RESIDENTIAL EMPLOYMENT - NOVEMBER

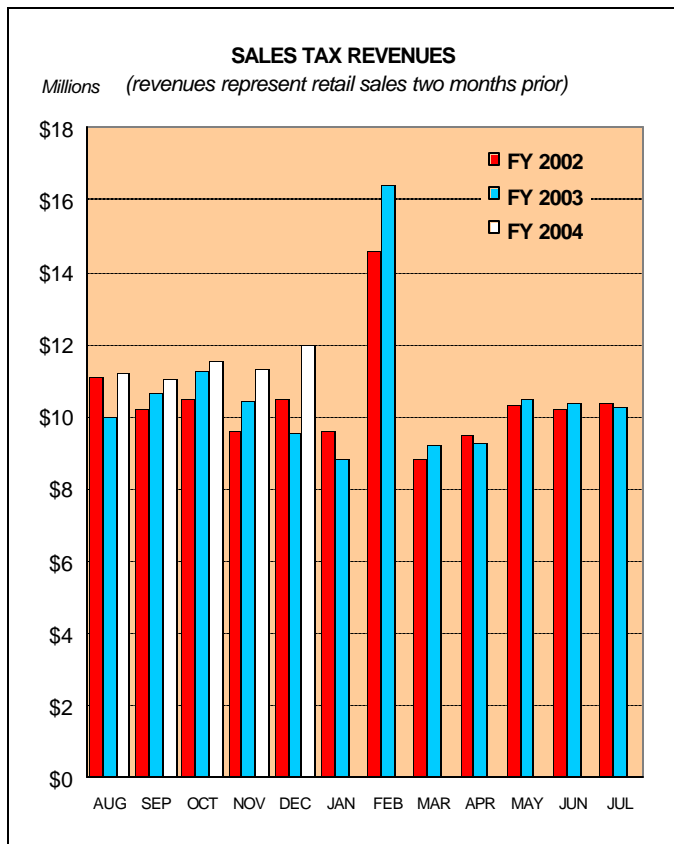


Source: Virginia Employment Commission.  
Compiled by the Fairfax County Department of Management and Budget.

## Employment

The October 2003 unemployment rate in Fairfax County declined to 2.1 percent from 2.4 percent in September. As reported by the Virginia Employment Commission (VEC), the number of employed Fairfax County residents was 561,993 in October 2003, an increase of 13,277, or 2.0 percent over October 2002. During this period, unemployment in Fairfax County fell 0.6 percentage points from 2.7 percent in October 2002 to 2.1 percent in October 2003.

Virginia's October 2003 unemployment rate was 3.4 percent, 0.4 percentage points below the 3.8 percent recorded in September and the lowest rate since May 2001. Compared nationally, Virginia's rate was well below the U.S. September 2003 unemployment rate of 5.6 percent.



Source: Virginia Department of Taxation.  
Compiled by the Fairfax County Department of Management and Budget.

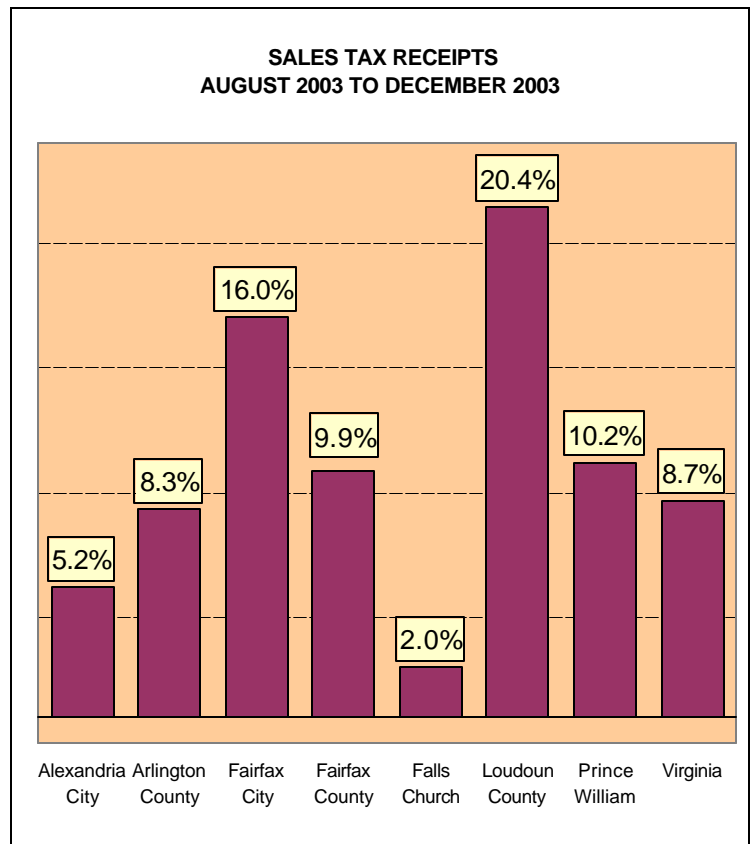
## Fairfax County Sales Tax Receipts

December Sales Tax receipts for Fairfax County, representing retail purchases made in October, are \$12.0 million, an increase of 25.4 percent over December 2002. Through the first five months of FY 2004, Sales Tax receipts are up 9.9 percent over the same period in FY 2003.

Sales Tax receipts have been positive for each of the five months of FY 2004; however, sales during the holidays will have a significant impact on the overall growth rate. It will not be until February that Sales Tax receipts from purchases made in December are known.

## National Sales Tax Receipts

According to the Commerce Department, seasonally adjusted preliminary November retail sales estimates for the U.S. increased 0.9 percent from the previous month and increased 6.9 percent over November 2002. Compared to last year, health and personal care store sales were up 9.3 percent, building materials and garden equipment sales were up 11.0 percent, gasoline station sales were up 5.9 percent, and motor vehicle and parts dealers were up 8.2 percent.



Source: Virginia Department of Taxation.  
Compiled by the Fairfax County Department of Management and Budget.

## Neighboring Jurisdictions

Sales Tax receipt growth during the period of August through December 2003 is positive for all of the Northern Virginia localities. These receipts correspond to retail purchases from June through October.

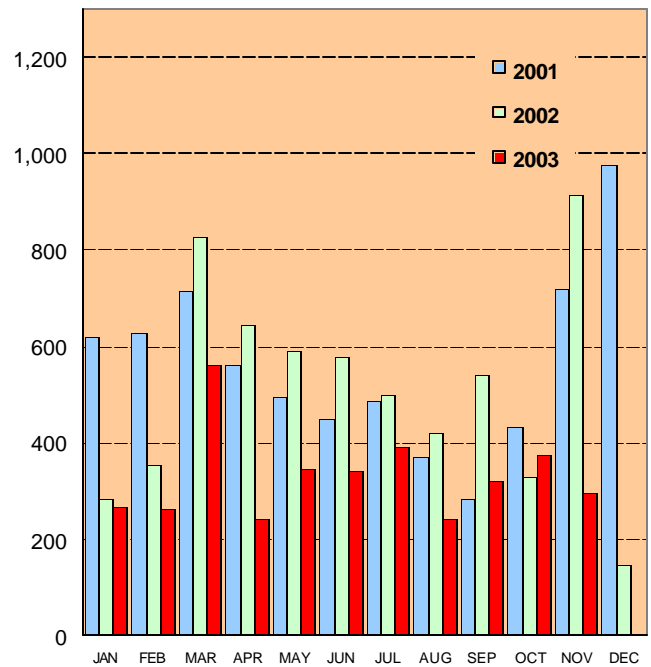
During this period, Sales Tax receipts are up double digits in Fairfax City at 16.0 percent, Prince William County at 10.2 percent and Loudoun County at 20.4 percent. Sales Tax receipts in Alexandria are up 5.2 percent, while receipts in Arlington are up 8.3 percent. Sales Tax receipts in Falls Church are experiencing growth of only 2.0 percent. Statewide Sales Tax receipts are increasing at a rate of 8.7 percent.

## Building Permits

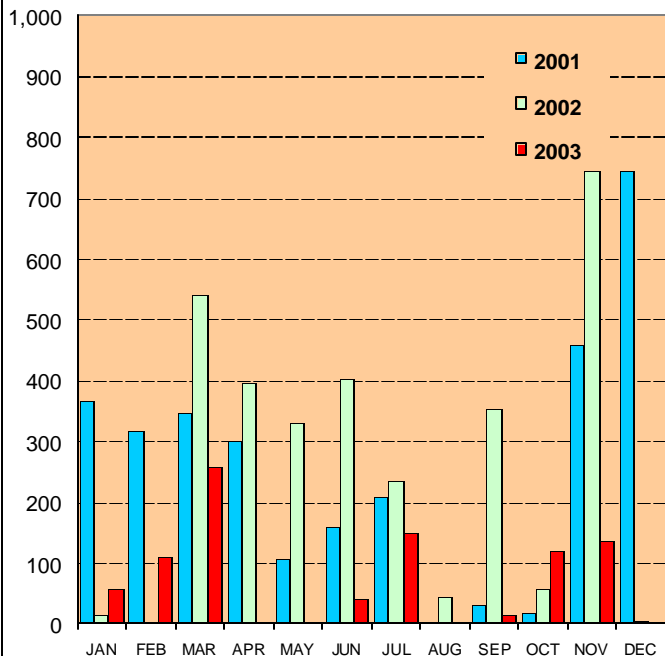
Fewer residential permits have been issued during the first eleven months of 2003 compared to the same period of 2002. Through November, total new residential dwelling permits are down 39.0 percent, or 2,334 permits. Through November, 887 multifamily permits have been issued, falling short of last year's total by 71.6 percent or 2,232 permits, year-to-date. Single family permits issued from January through November 2003 total 2,758, down 3.6 percent, or 102 permits, from the same period in 2002.

Residential repair and alteration permits issued through November 2003 are 10,224 and have declined 5.8 percent, or 632 permits, from the same period last year.

**NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW DWELLINGS**

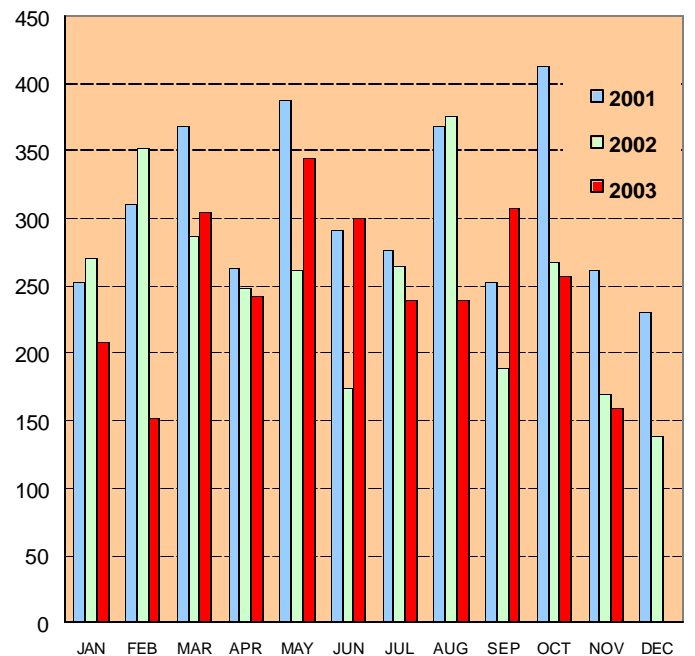


**NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW MULTIFAMILY DWELLINGS**



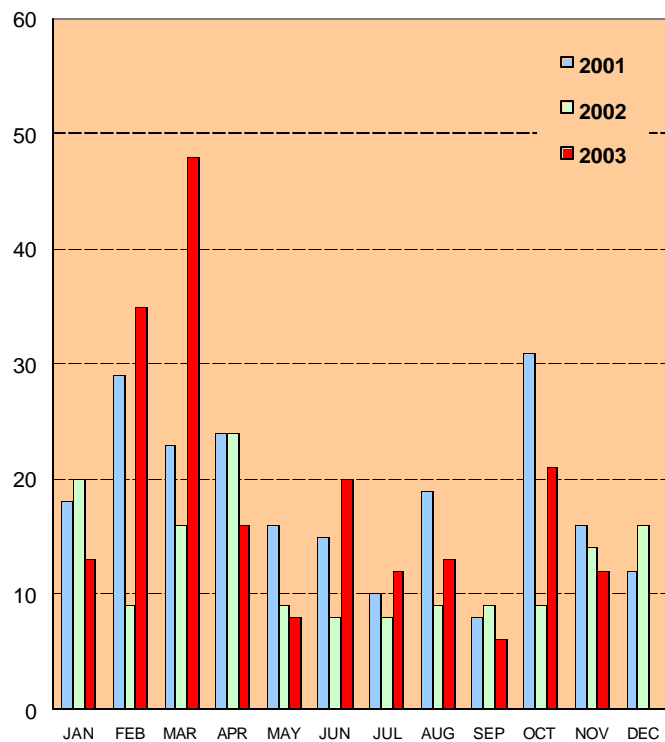
**NOTE:** In August 2001 and 2003, only one multifamily permit was issued and in February 2002, only two permits were issued; in April 2003, no permits were issued; therefore, the bars are too small to discern.

**NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW SINGLE FAMILY DWELLINGS**



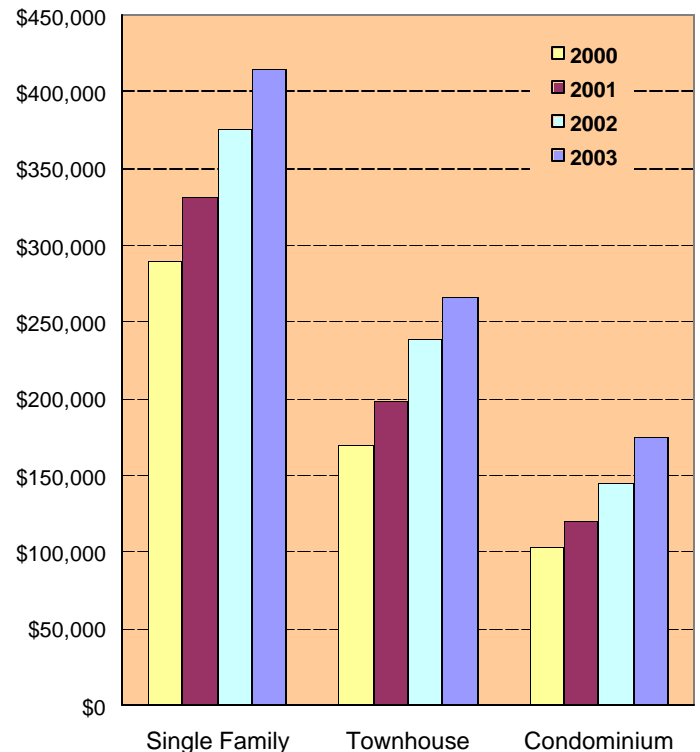
Source of data for all above charts: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

**NUMBER OF NONRESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW STRUCTURES**



Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

**MEDIAN PRICE OF EXISTING HOMES SOLD THROUGH OCTOBER 2003 COMPARED TO THE ANNUAL MEDIAN 2000 - 2002**



Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

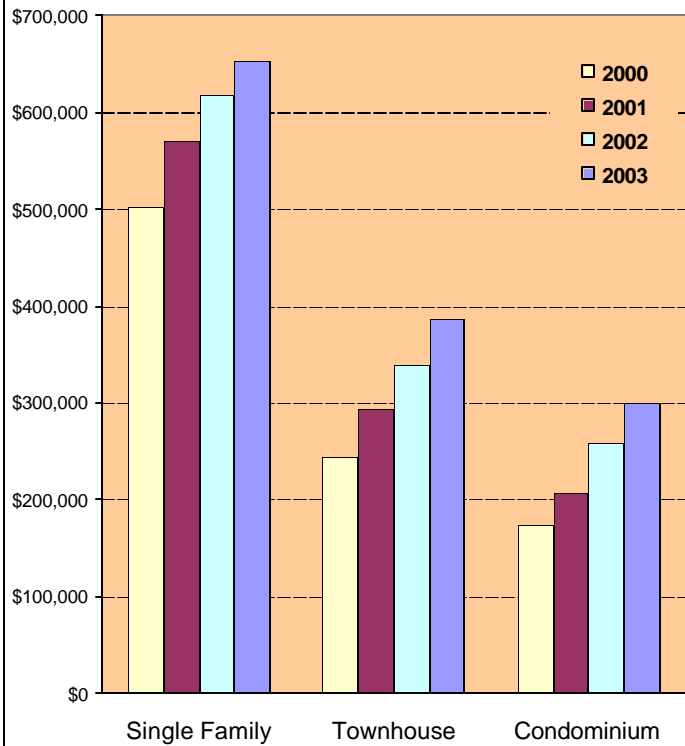
## Nonresidential Building Permits

From January through November 2003, 204 nonresidential building permits have been issued, up 51.1 percent, or 69 permits, from the same period in 2002. Nonresidential repair and alterations permits issued through November are 3,275, an increase of 2.7 percent or 86 permits, calendar year-to-date.

## Sales Prices for Existing Homes

Home sales data through October indicate that the 2003 median sales price of existing (previously owned) single family homes is \$415,000 compared to the 2002 median of \$376,000, representing growth of 10.4 percent. The median for townhomes has grown 11.9 percent from \$238,265 in 2002 to \$266,500. The median for condominiums has increased from \$145,000 to \$175,000, representing growth of 20.7 percent.

**MEDIAN PRICE OF NEW HOMES SOLD  
THROUGH OCTOBER 2003 COMPARED TO  
THE ANNUAL MEDIAN 2000 - 2002**



Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

## Sales Prices for New Homes

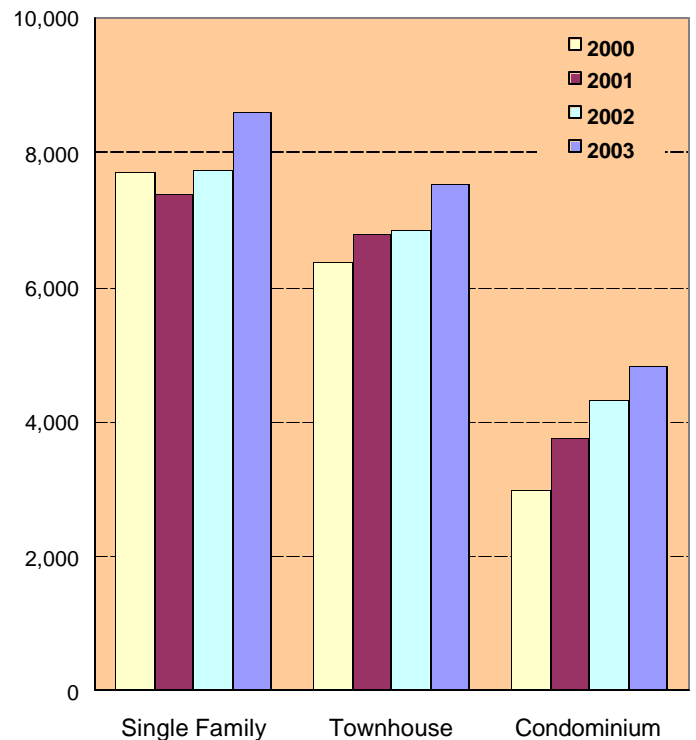
New home sales data through October 2003 indicate that the median sales price for a new single family home is \$652,702, an increase of 5.6 percent over the 2002 median price of \$618,131. The median for new townhomes has increased 14.4 percent, from \$338,875 to \$387,585. The median sales price for condominiums has increased 15.4 percent, from \$259,830 in 2002 to \$299,825 through October 2003.

**PERCENTAGE CHANGE IN MEDIAN PRICE OF  
HOMES SOLD YEAR-END 2002 COMPARED TO  
SALES THROUGH OCTOBER 2003**

	Existing Sales	New Sales
Single Family	10.4	5.6
Townhouse	11.9	14.4
Condominium	20.7	15.4

Changes in selling prices, coupled with the volume of sales, are generally considered reasonable indicators of the County's real estate market. Median selling price increases do not translate directly into assessment adjustments, however, since the mix of homes sold is not necessarily reflective of the County's entire housing stock. Changes in median selling prices are comparisons to the prices of homes sold during the prior year, and the type of homes sold (i.e., model, size, age, location, etc.) varies from one year to the next. The key factor in real estate assessments is not the change in the median sale price, but the relationship of assessments to selling prices within neighborhoods.

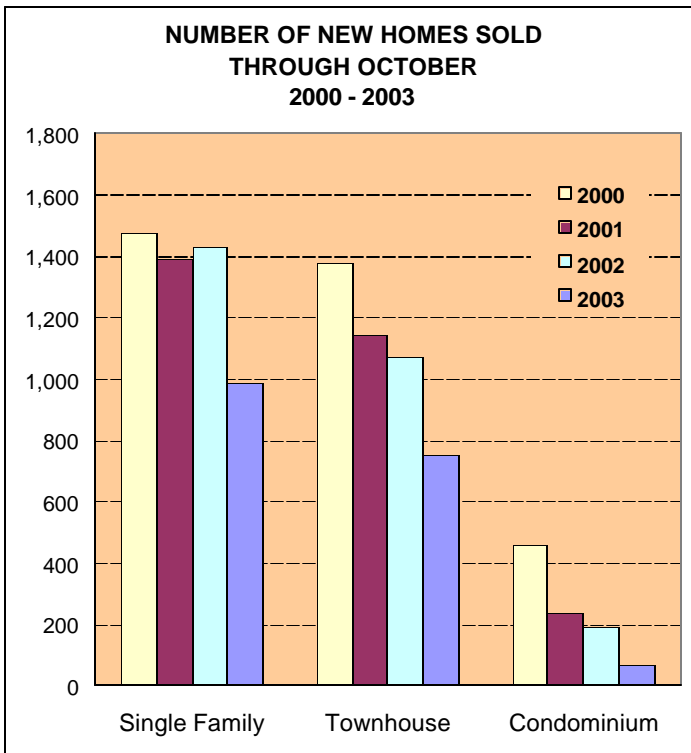
**NUMBER OF EXISTING HOMES SOLD  
THROUGH OCTOBER  
2000 - 2003**



Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

## Sales Volume for Existing Homes

Sales volume for existing (previously owned) homes is up for all home types through October 2003. Sales of existing townhomes have increased 9.9 percent from 6,846 to 7,526 and condominium sales are up 12.2 percent from 4,304 to 4,828, calendar year-to-date. Single family homes sales have increased 11.3 percent through the first ten months of calendar year 2003, from 7,726 to 8,598.

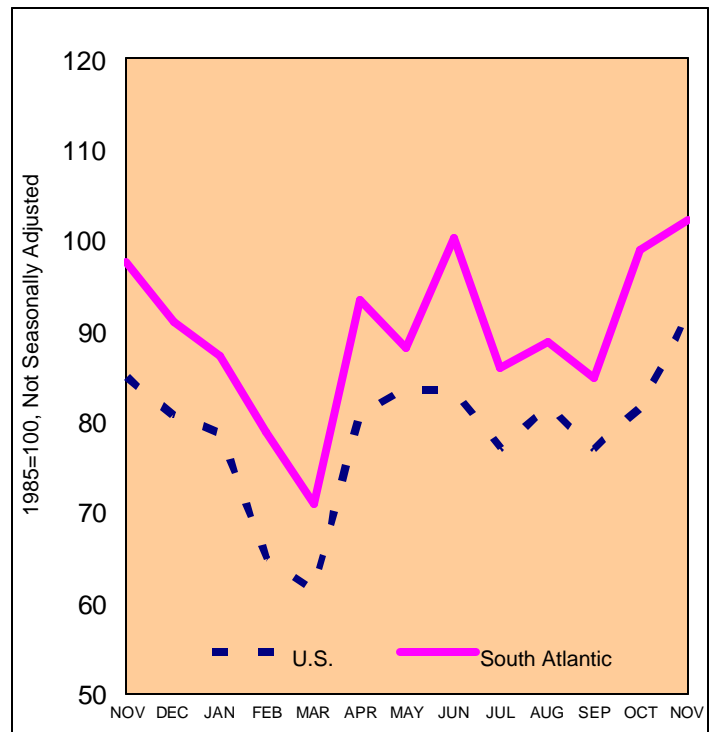


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

## Sales Volume for New Homes

Sales volume is down for all new home types through October 2003. Sales of new townhomes have decreased 30.0 percent, from 1,072 to 750, while single family home sales have fallen 30.9 percent, from 1,432 to 989, calendar year-to-date. New condominium sales have dropped 63.0 percent from 189 during the first ten months of calendar year 2002 to 70 during the same period of 2003.

## ADDITIONAL INDICATORS



Source: The Conference Board. Compiled by the Fairfax County Department of Management and Budget.

## Consumer Confidence Index

The Conference Board reports that the Consumer Confidence Index advanced 10 points in November 2003. The Index now stands at 91.7, compared to 81.7 in October. The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. The Present Situation Index measures consumers' confidence in current business and employment conditions, while the Expectations Index measures consumers' confidence in business, employment, and family income prospects six months hence. The two indices are averaged to form the composite Consumer Confidence Index.

In November, the Present Situation Index increased to 80.1 from 67.0 points, a 13.1 point gain over last month. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, "The improvement in the Present Situation Index, especially in the jobs component, suggests that consumers believe a slow but sure labor market turnaround is underway."

The short-term economic outlook held by consumers continued to improve in November as well. The Expectations Index increased to 99.4 from 91.5 for a 7.9 point gain. Franco said, "The rise in expectations is a signal that consumers will end this year much more upbeat than when the year began."

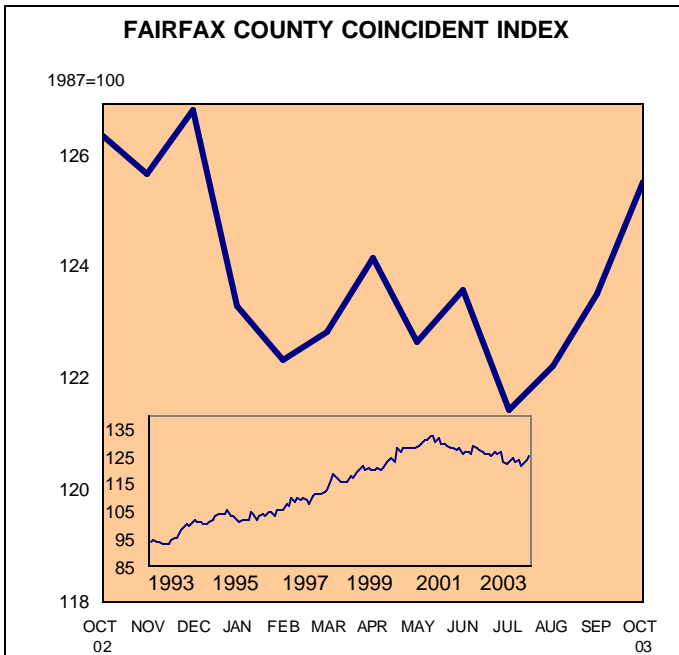
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in the coming months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices, which consider the Washington Metropolitan economy. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

## Fairfax County Coincident Index

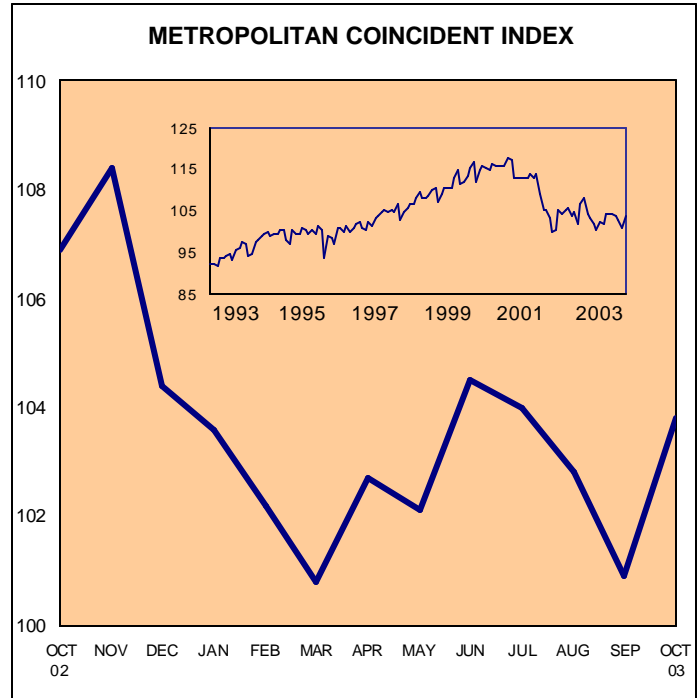


The Fairfax County Coincident Index, which represents the current state of the County's economy, increased to 125.5 in October 2003, a 1.7 percent gain over September. With the increase in October, the Index has now been positive for three consecutive months but is currently 0.7 percent below its October 2002 value.

In October, three of the Index's four components were positive. Total employment increased for an ninth consecutive month; consumer confidence (in the present) increased sharply for the second month in a row; and sales tax collections, adjusted for inflation and seasonal variation, increased for the fourth time in five months. Transient occupancy tax collections, adjusted for inflation and seasonal variation, declined following two monthly increases.



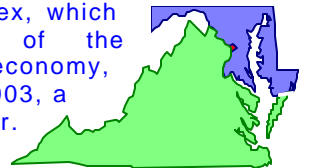
Source: Center for Regional Analysis, George Mason University.  
Compiled by the Fairfax County Department of Management and budget.



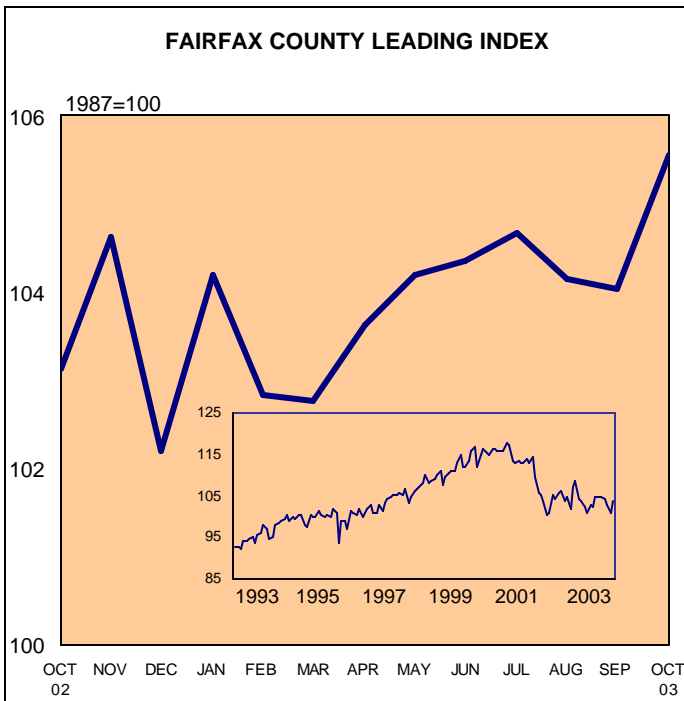
Source: Center for Regional Analysis, George Mason University.  
Compiled by the Fairfax County Department of Management and budget.

## Metropolitan Coincident Index

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, increased to 103.8 in October 2003, a 2.9 percent gain over September. October's increase can be partially attributable to activity deferred by Hurricane Isabel. October represents the largest one-month increase for calendar year 2003. The Index, however is still down 2.9 percent below its October 2002 value.



In October, all of the Index's four components were positive. Domestic passenger volume at Reagan National and Dulles Airports increased following a sharp decline in September due to weather-related flight cancellations; nondurable goods retail sales were up for the third time in four months; wage and salary employment grew for a second consecutive month; and Consumer Confidence (in the present) increased, extending its upward trend to a second month.



Source: Center for Regional Analysis, George Mason University.  
Compiled by the Fairfax County Department of Management and budget.

## Fairfax County Leading Index



The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, increased to 105.6 in October 2003, a 1.5 percent gain over September. The October increase reversed two months of losses and is currently up 2.4 percent over its October 2002 value.

In October, four of the Index's five components contributed to its gain. New automobile registrations increased following two consecutive monthly losses; initial claims for unemployment insurance decreased (improved) in October for the fifth time in six months; consumer expectations (consumer confidence six months hence) sharply increased in October following a recent downward trend; and residential building permits issued increased in October for a second month in a row. In contrast, the total value of residential building permits fell slightly following a strong gain in September.

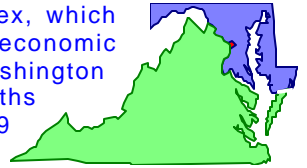
Inquiries should be directed to:

**The Department of Management and Budget**  
12000 Government Center Parkway, Suite 561  
Fairfax, Virginia 22035-0074  
(703) 324-2391 or 1-800-828-1120 (TDD)

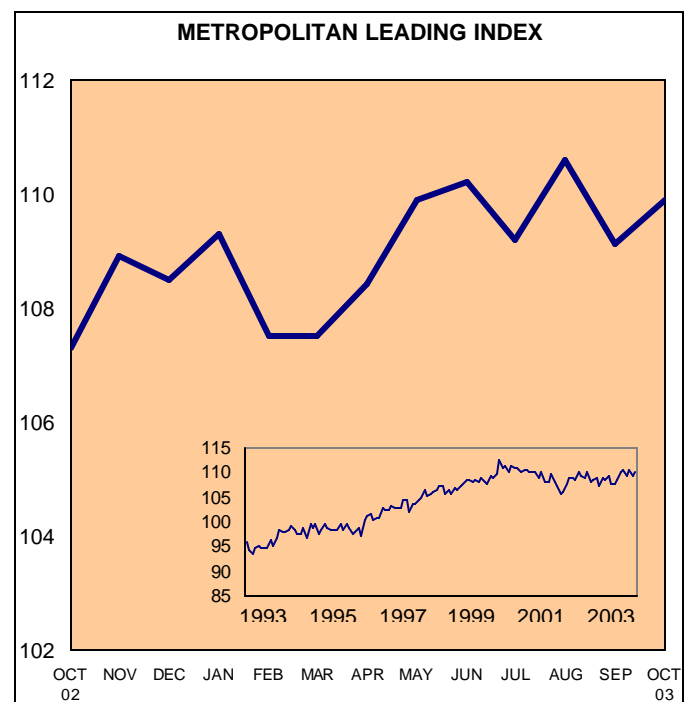
Staff: Susan Datta, Director; Marcia Wilds and Jameson Penn, analysts.

## Metropolitan Leading Index

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 6 to 8 months in advance, increased to 109.9 in October 2003, a 0.6 percent gain over September. The Index has registered increases in five of the last seven months and is currently 2.4 percent above its October 2002 level.



In October, three of the Index's five components contributed to its gain. Consumer expectations (consumer confidence six months hence) increased sharply in October; initial claims for unemployment insurance declined (improved) for the fifth time in six months; durable goods retail sales increased for the third time in four months; the Help Wanted Index was unchanged from its September level; and total residential building permits declined for the third time in four months.



Source: Center for Regional Analysis, George Mason University.  
Compiled by the Fairfax County Department of Management and budget.